



SEN. GEORGE RUNNER (RET.)

MEMBER
STATE BOARD OF EQUALIZATION
CALIFORNIA'S TAX BOARD

April 30, 2014

Assembly Member Raul Bocanegra, Chair
Assembly Committee on Revenue and Taxation
1020 N Street, Room 167A
Sacramento, CA 95814

**RE: ASSEMBLY BILL 2691 (HARKEY) – SALES & USE TAX: WIRELESS COMMUNICATION DEVICES: BUNDLED
TRANSACTIONS • SUPPORT •**

Dear Assembly Member Bocanegra,

I am pleased to support Assembly Bill 2691, which would end an unreasonable practice currently required by the Board of Equalization. According to BOE Regulation 1585, retailers must calculate sales tax on the full "list price" of a wireless telecommunication device, which is often several times greater than the price charged to the consumer at the point of sale. This bill will specify that sales tax on a wireless telecommunication device is to be based on the actual purchase price of the item rather than the fair market price.

California consumers reasonably believe they owe sales or use tax on the *discounted price* they pay because it is their experience with nearly every other type of purchase. Not surprisingly, consumers are often confused and frustrated by the higher taxes they are charged when purchasing new cell phones or other wireless devices. Further, this confusing tax policy imposes a burden on retailers who are asked to explain the higher tax.

My colleague, Vice-Chair Michelle Steel, has been working to change this policy for some time and I join her in supporting this important legislation. I urge your "aye" vote when it is heard before the Assembly Revenue and Taxation Committee on May 5.

Sincerely,

GEORGE RUNNER
Second District

cc: Assembly Member Diane Harkey
Vice-Chair Michelle Steel, Board of Equalization
Julia King, Policy Consultant, Assembly Republican Caucus